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This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to a survey that the Foundation conducted on the application of IFRS around the world between August and December 2012. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

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Profile last updated 1 July 2015

#### **PARTICIPANT IN THE IFRS FOUNDATION SURVEY ON APPLICATION OF IFRS**

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Organisation Canadian Accounting Standards Board (AcSB)

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Role of the organisation AcSB is the recognised standard-setting body for financial reporting standards in Canada. In that capacity, it promulgates the standards that constitute generally accepted accounting principles in Canada (Canadian GAAP). The AcSB endorses individual new and amended IFRS for adoption in Canada as Canadian GAAP for publicly accountable enterprises.

National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* promulgated by the Provincial securities regulators prescribes the accounting standards that must be used by companies whose securities trade in a public market in Canada. With a few exceptions, financial statements of such companies must be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises (IFRS) and must disclose:

- in the case of annual financial statements, an unreserved statement of compliance with IFRS, and
- in the case of an interim financial report, an unreserved statement of compliance with IAS 34 *Interim Financial Reporting*.

Below is a link to National Instrument 52-107 as adopted in Ontario:

[http://www.osc.gov.on.ca/en/SecuritiesLaw\\_rule\\_20101210\\_52-107-cp\\_consolidated.htm](http://www.osc.gov.on.ca/en/SecuritiesLaw_rule_20101210_52-107-cp_consolidated.htm)

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Website <http://www.frascanada.ca/>

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Email contact [fras-nifc-canada@cpacanada.ca](mailto:fras-nifc-canada@cpacanada.ca)

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## COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRS as that single set of high quality global accounting standards?	Yes.
What is the jurisdiction's status of adoption?	<p>Canada adopted IFRS for most 'publicly accountable enterprises' for financial years beginning on or after 1 January 2011. As of 2015, Canadian GAAP for all publicly accountable enterprises is IFRS, although regulators provide an option for those filing in the United States to apply US GAAP, rather than Canadian GAAP.</p>
Additional comments provided on the adoption status?	<p>'Publicly accountable enterprises' are entities, other than not-for-profit organisations, that have issued, or are in the process of issuing, debt or equity instruments that are, or will be, outstanding and traded in a public market or hold assets in a fiduciary capacity for a broad group of outsiders as one of their primary businesses.</p> <p>Mandatory adoption of IFRS had been deferred by the AcSB for investment companies and segregated accounts of life insurance enterprises until 2014 and for entities with rate-regulated activities until 2015. Those deferrals were provided to give time for the IASB to complete projects affecting those entities.</p> <p>Following issuance of IFRS 10 <i>Consolidated Financial Statements</i>, the AcSB withdrew the deferrals for investment companies and segregated accounts of life insurance companies, and full IFRS was required, for interim and annual financial statements relating to annual periods beginning on or after January 1, 2014.</p> <p>Similarly, following issuance of IFRS 14 <i>Regulatory Deferral Accounts</i>, the AcSB withdrew the deferral for entities with rate-regulated activities, and full IFRS was required, for interim and annual financial statements relating to annual periods beginning on or after January 1, 2015. The Canadian Securities Administrators provided an option for those registered with the United States Securities and Exchange Commission to apply US GAAP, rather than Canadian GAAP. However, in 2015 the Canadian Securities Administrators concluded that rate-regulated entities that are <u>not</u> registered with the US SEC may ask their Principal Provincial Regulator for an extension of their exemption from the requirement to adopt IFRS until 2019. To date, 23 Canadian rate-regulated entities have requested, and been granted, relief to use US GAAP until 2019.</p> <p>Consequently, as of 2015 Canadian GAAP for all publicly accountable enterprises is IFRS, although regulators provide options for (a) those filing in the United States to apply US GAAP, rather than Canadian GAAP and (b) rate-regulated entities not filing in the United States to apply US GAAP until 2019.</p>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS in your jurisdiction.	Not applicable.

## EXTENT OF IFRS APPLICATION

### *For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS in their consolidated financial statements?	Yes.
If YES, are IFRS REQUIRED or PERMITTED?	Required for most domestic companies whose securities are publicly traded and permitted for the others.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	IFRS are required for all publicly accountable entities, except that Canadian securities regulators provide an option for publicly accountable entities whose securities are publicly traded in the United States to use US GAAP.
Are IFRS also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
For instance, are IFRS required or permitted in separate company financial statements of companies whose securities trade in a public market?	Required if separate company financial statements are published by a company whose securities trade in a public market; however such financial statements are not required and are very rarely published.
For instance, are IFRS required or permitted for companies whose securities do not trade in a public market?	Canadian private enterprises and not-for-profit organisations are permitted a free choice of adopting IFRS or separate sets of Canadian standards developed specifically for those types of entities. When they choose to adopt IFRS, there is no requirement to reconcile to the domestic standards.
If the jurisdiction currently does NOT require or permit the use of IFRS for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS for such companies in the future?	Not applicable.

### *For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS in their consolidated financial statements?	IFRS are required for foreign companies whose securities trade in a public market in Canada except as follows: <ul style="list-style-type: none"><li>• A non-Canadian company whose securities trade in a public market in Canada that is also a US SEC issuer has the option of applying US GAAP.</li><li>• A non-Canadian company whose securities trade in a public market in Canada that is also a US SEC foreign issuer and that has 10% or less of its securities owned by residents of Canada may use accounting principles that meet the requirements for SEC Foreign Private Issuers, as defined for SEC purposes, provided the financial statements include a reconciliation to US GAAP.</li><li>• Foreign issuers from jurisdictions designated by the Canadian Securities Regulators may use the accounting principles of their home jurisdiction without reconciliation to IFRS.</li></ul>
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If YES, are IFRS REQUIRED or PERMITTED in such cases? Required in some cases, permitted in others, as described above.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones? See details above.

## IFRS ENDORSEMENT

Which IFRS are required or permitted for domestic companies? IFRS as issued by the IASB, ie standards and amendments are adopted/endorsed as and when issued by the IASB.  
The AcSB's standards and the regulations applicable to public companies and financial institutions mandate the use of 'IFRS as issued by the IASB'.

The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with: IFRS.  
The regulatory requirement is to disclose compliance with 'IFRS' without the additional qualifier 'as issued by the IASB'. The regulation defines 'IFRS' as 'the standards and interpretations adopted by the International Accounting Standards Board, as amended from time to time' so, in Canada, 'IFRS' doesn't need the additional qualifying language. However, entities are not prohibited from adding the additional words 'as issued by the IASB'.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS and the jurisdiction's GAAP)? Yes.  
Although Canadian GAAP for publicly accountable entities is IFRS as issued by the IASB, entities are permitted to disclose that they are in compliance with Canadian GAAP in addition to disclosing compliance with IFRS.

Are IFRS incorporated into law or regulations? Not individually, but IFRS are authoritative without individual adoption because Canadian securities regulations require use of IFRS. In effect, individual IFRS are incorporated into Canadian securities regulations by reference.

If yes, how does that process work? Not applicable.

If no, how do IFRS become a requirement in the jurisdiction? The adoption of IFRS was achieved by incorporating the standards into Part I of the CPA Canada Handbook – Accounting and making them part of Canadian GAAP. This process accorded IFRS recognition under the laws and regulations that govern financial reporting by Canadian entities. IFRS were recognised simultaneously through the regulations and policies of the market and prudential regulators.

The texts of the IFRS are not incorporated into the texts of Canadian law and regulations; the standards are incorporated by reference into various laws automatically, either by direct reference to IFRS or by way of a reference to the CPA Canada Handbook – Accounting. The texts of the IFRS are copied only into Part I of the CPA Canada Handbook – Accounting.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS (including Interpretations) in place? Yes.

If yes, what is the process?	<p>The AcSB’s initial adoption of IFRS and ongoing endorsement of new and amended IFRS subsequently relies in part on the strength of the IASB’s Constitution and governance. It also relies on the quality of the IASB’s due process and its diligence in applying due process.</p> <p>Accordingly, the AcSB reviews changes to the Constitution, governance and due process, including commenting on proposals for improvements. The AcSB monitors the ongoing application of due process in each IASB and IFRIC project and participates in that process in accordance with the 2006 Statement of Best Practice: Working Relationships between the IASB and other Accounting Standard-Setters.</p> <p>The AcSB encourages its stakeholders to participate in the IASB’s process for developing new and amended standards and facilitates direct contact with IASB representatives through outreach activities. From these various activities, the AcSB gathers evidence as to the quality of the way in which the IASB develops standards and, accordingly, the extent to which the AcSB can rely on the standards being of the highest quality.</p> <p>The initial adoption of IFRS by the AcSB involved multi-year strategic planning and transition processes (see the strategic plan for 2006-2011). The processes culminated in three omnibus exposure drafts in 2008-2009 that exposed all of the then issued IFRS.</p> <p>Subsequent to initial adoption, the AcSB issues its own ‘wraparound exposure draft’ for every exposure draft and draft interpretation issued by the IASB and IFRIC. The wraparound exposure draft directs Canadian stakeholders to comment directly to the IASB but also asks one question on which the AcSB solicits stakeholder input: ‘The proposed standard has been developed by the IASB for application by entities around the world. Assuming the Exposure Draft proposals are approved by the IASB, do you believe that there are aspects of the proposed standard that make some or all of it inappropriate for Canadian entities, even though it is appropriate for entities in the rest of the world? If so, please specify which aspects and what circumstances make the accounting requirements proposed in the Exposure Draft inappropriate for Canadian entities.’</p> <p>As soon as possible following the IASB’s approval of a new or amended standard, the AcSB reviews the final steps in the IASB’s due process, including the review by the IFRS Foundation’s Due Process Oversight Committee. It also considers the responses to its own wraparound exposure draft. The AcSB then approves the new material by written ballot, translates the text into French and publishes the English and French texts into the CPA Canada Handbook – Accounting.</p>
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If no, how do new or amended IFRS become a requirement in the jurisdiction?	Not applicable.
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Has the jurisdiction eliminated any accounting policy options permitted by IFRS and/or made any modifications to any IFRS?	No.
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If yes, what are the changes?	Not applicable.
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Other comments regarding the use of IFRS in the jurisdiction?	IFRS are made available to the public by copying their texts into the CPA Canada Handbook – Accounting. The CPA Canada Handbook – Accounting is available free of charge to members of CPA Canada by way of a password-protected website ('Knotia'). The Handbook is available to anyone, for a charge, in the form of a Folio data base version on disk or as an annually printed bound volume. IFRS are also freely available to the general public in Canada in the form of the unaccompanied standards on an open website (the same as the unaccompanied standards on the IASB website), through a licensing arrangement with the IFRS Foundation.
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**TRANSLATION OF IFRS**

Are IFRS translated into the local language?	Yes, they are translated into French, and the translation is coordinated by the IFRS Foundation.
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If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS?	Translations into French are prepared by the professional translators of CPA Canada's Language Services Department in Montreal. The drafts are reviewed by bilingual professional accountants and passed through the IFRS Foundation's translation department and review committee before being finalised. All updates to standards, as well as exposure drafts, are translated as soon as possible after their issuance by the IASB in English. The English text cannot be endorsed and issued by the AcSB without first being translated. Canadian law and the AcSB's policy effectively require that IFRS be translated and issued on a timely basis to permit their adoption in practice by the effective date set by the IASB.
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**APPLICATION OF THE IFRS FOR SMEs**

Has the jurisdiction adopted the IFRS for SMEs for at least some SMEs?	No.
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If no, is the adoption of the IFRS for SMEs under consideration?	No.
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Did the jurisdiction make any modifications to the IFRS for SMEs?	Not applicable.
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If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
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Which SMEs use the IFRS for SMEs in the jurisdiction, and are they required or permitted to do so?	Not applicable.
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For those SMEs that are not required to use the IFRS for SMEs, what other accounting framework do they use?	The AcSB has developed a separate financial reporting framework for private enterprises. Private enterprises may also choose Canadian GAAP for publicly accountable enterprises (ie IFRS).
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Other comments regarding use of the IFRS for SMEs?	Adoption of the IFRS for SMEs has been considered but rejected. Constituents in the private enterprise sector in Canada preferred made-in-Canada standards tailored to their needs.
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